

SECRET

REMARKS OF WILLIAM J. CASEY
DIRECTOR OF CENTRAL INTELLIGENCE
TO
CIA EMPLOYEES

CIA AUDITORIUM
24 JANUARY 1984

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AS WE START OUR FOURTH YEAR OF WORKING TOGETHER, I WANT YOU TO KNOW THAT IT'S BEEN A RICH AND GRATIFYING EXPERIENCE FOR ME AND I WANT TO THANK ALL HERE FOR WHAT WE HAVE BEEN ABLE TO DO TOGETHER. AT THE SAME TIME I WANT TO TELL YOU ABOUT SOME DISCUSSIONS AND EVENTS DURING THE FIRST WEEKS OF THIS YEAR WHICH BROUGHT HOME TO ME HOW MUCH MORE THERE IS TO DO.

WEEK BEFORE LAST I PREPARED A RATHER DETAILED REPORT ON WHAT WE'VE BEEN ABLE TO ACCOMPLISH OVER THE LAST THREE YEARS AND REVIEWED IT WITH THE PRESIDENT. MORE THAN ANY OTHER PART OF THE GOVERNMENT WE ARE IN ACTION EVERY DAY, DEALING WITH THE WORLDWIDE APPARATUS OF THE KGB, PLUS SOME 70 NON-GOVERNING COMMUNIST PARTIES, PLUS PEACE AND FRIENDSHIP ORGANIZATIONS ALL OVER THE WORLD DIRECTED FROM MOSCOW, PLUS THE EAST GERMAN, CUBAN, AND OTHER BLOC INTELLIGENCE SERVICES--ALL WORKING TO STEAL OUR TECHNOLOGY, TO DAMAGE OUR REPUTATION, TO DIVIDE US FROM OUR FRIENDS, TO DESTABILIZE, SUBVERT AND OVERTHROW GOVERNMENTS FRIENDLY TO US.

THE PRESIDENT KNOWS THAT CIA IS THE ORGANIZATION IN THE FREE WORLD MOST CAPABLE OF DEALING EFFECTIVELY WITH THIS ENORMOUS APPARATUS AND FRUSTRATING ITS OBJECTIVES. I WAS ABLE TO SPELL

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AMERICA, ASIA, AND AFRICA. WE HAVE DEVELOPED A WORLDWIDE COUNTERTERRORISM NETWORK THROUGH OUR RELATIONSHIPS WITH INTELLIGENCE AND SECURITY SERVICES IN OTHER COUNTRIES. I REVIEWED HOW, IN RECENT MONTHS, WE HAVE THWARTED TERRORIST ATTACKS, RECOVERED STOLEN TECHNOLOGY AND CARRIED OUT RESCUE OPERATIONS IN MANY PARTS OF THE WORLD.

IN THE INTELLIGENCE COMMUNITY AND IN CIA THE PRODUCTION AND QUALITY OF FINISHED INTELLIGENCE FOR POLICYMAKERS IS AT THE HIGHEST LEVEL IN HISTORY. A GREAT DEAL WAS HEARD ABOUT THE PURGING OF THE CLANDESTINE APPARATUS IN THE LATE 1970s. LESS WELL KNOWN IS THE MASSIVE DEPARTURE OF PROFESSIONALS FROM THE ANALYTIC SIDE OF CIA DURING THE SAME PERIOD. NEARLY HALF OF OUR ANALYSTS LEFT BETWEEN 1977 AND 1981. FROM A LOW POINT IN 1980 OF ONLY 12 NATIONAL ESTIMATES, IN 1983 WE PUBLISHED SOME 50 NATIONAL ESTIMATES AS WELL AS 25 OTHER INTELLIGENCE COMMUNITY ASSESSMENTS. IN ADDITION, WE COMPLETED MORE THAN 800 RESEARCH PROJECTS ON A NEARLY INCONCEIVABLE RANGE OF SUBJECTS FROM SOVIET WEAPONS SYSTEMS TO POPULATION PROBLEMS TO THE IMPLICATIONS OF INTERNATIONAL DEBT. THIS WAS IN ADDITION TO OUR STREAM OF PERIODICALS--DAILIES, WEEKLIES, MONTHLIES AND QUARTERLIES.

I WAS ABLE TO TELL THE PRESIDENT HOW OUR DIRECTORATE OF SCIENCE AND TECHNOLOGY HAS COME UP WITH A WHOLE RANGE OF IMPROVED METHODS OF ACQUIRING AND ANALYZING INFORMATION. [REDACTED]

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I WAS ABLE TO SPELL OUT HOW, IN 1983, THE KGB HAS TAKEN THE WORST SHELLACKING IN ITS HISTORY AS 117 SOVIET INTELLIGENCE AGENTS DEFECTED OR WERE EXPELLED FROM OVER 20 COUNTRIES ON ALL CONTINENTS.

IT TOOK ME 20 SINGLE-SPACED PAGES TO SUMMARIZE FOR THE PRESIDENT WHAT WE HAVE ACCOMPLISHED OVER THESE THREE YEARS. I HAVE NO INTENTION OF TAKING YOU THROUGH ALL OF THAT TODAY. BUT I DO WANT YOU TO KNOW THAT THE PRESIDENT REACTED STRONGLY WITH PRIDE AND APPRECIATION IN WHAT YOU HAVE DONE IN REBUILDING AND REVITALIZING THE NATION'S INTELLIGENCE ARM AND EXTENDS HIS APPRECIATION AND CONGRATULATIONS.

THIS WEEK, WITH OUR NATIONAL INTELLIGENCE OFFICERS, I AM PUTTING THE FINISHING TOUCHES ON THE WORLDWIDE BRIEFING WHICH WE GIVE TO SIX COMMITTEES OF THE CONGRESS AT THE BEGINNING OF EACH SESSION. TOMORROW, IN THE FIRST OF THESE BRIEFINGS, WE WILL TELL THE SENATE ARMED SERVICES COMMITTEE ABOUT THE LARGE NUMBER OF NEW STRATEGIC WEAPONS WHICH THE SOVIETS HAVE UNDER DEVELOPMENT TO THREATEN US--HEAVY MISSILES, MOBILE MISSILES, CRUISE MISSILES LAUNCHED FROM NEW SUBMARINES AND NEW AIRPLANES. WE WILL TELL THEM OF THE SOVIET POTENTIAL TO DEPLOY A MISSILE DEFENSE SYSTEM NATIONWIDE IN THE EARLY 1990s. WE WILL TELL THEM

ABOUT NEW CONVENTIONAL WEAPON SYSTEMS TO BE DEPLOYED TO SUPPORT A DOCTRINE OF HIGHLY MOBILE MANEUVER FORCES SUPPORTED BY MASSIVE ARTILLERY FIRE AND TACTICAL AIR STRIKES. WE WILL TELL THEM ABOUT SOVIET EXERCISES FOR SIMULTANEOUS CONFLICT IN EUROPE AND THE MIDDLE EAST. WE WILL TELL THEM ABOUT THE WORLDWIDE OCEAN EXERCISE LAST SEPTEMBER FEATURING SIMULTANEOUS ACTIVITY BY SOVIET SEA AND AIR FORCES OF THE NORTHERN BALTIC, BLACK SEA, AND PACIFIC FLEETS AND BY NAVAL FORCES IN THE INDIAN OCEAN AND THE MEDITERRANEAN.

WE WILL SPELL OUT HOW THE GLOBAL REACH OF THE SOVIET UNION HAS EXPANDED OVER THE LAST TEN YEARS SO THAT SOVIET FORCES NOW OPERATE FROM FULL-FLEDGED BASES IN CUBA, VIETNAM, SYRIA, SOUTH YEMEN, ETHIOPIA, LIBYA, ANGOLA, AND FROM 14 ADDITIONAL COUNTRIES ALLOWING MORE LIMITED ACCESS. A SOVIET MILITARY PRESENCE IS NOW ESTABLISHED IN EVERY MAJOR REGION OF THE WORLD.

WE WILL SPELL OUT HOW COMMUNIST AND RADICAL ARAB STATES USE 50 MAJOR TERRORIST ORGANIZATIONS, OVER 60 TERRORIST TRAINING CAMPS AND A WIDE ARRAY OF AD HOC TERRORIST GROUPS AND LIBERATION MOVEMENTS TO THREATEN AND ATTACK OUR PEOPLE, DISRUPT THE PEACE AND INFLAME RACIAL, RELIGIOUS AND OTHER CONFLICTS AROUND THE WORLD. PREPARING THESE BRIEFINGS BRINGS HOME VIVIDLY THE TREMENDOUS RESPONSIBILITY WE HAVE TO KEEP TRACK OF, TO UNDERSTAND AND TO WARN ABOUT THE EVOLUTION OF AN AWESOME ARRAY OF SOPHISTICATED NEW WEAPONS SYSTEMS, OF NEW MILITARY DOCTRINES AND STRATEGIES, OF THE RISE AND FALL OF NATIONAL ECONOMIES, OF

POTENTIAL INSTABILITIES AND CHANGES OF DIRECTION IN COUNTRIES ON WHICH WE DEPEND, OF NEW TECHNOLOGIES WHICH AFFECT BOTH OUR SECURITY AND OUR PROSPERITY, OF THE POLITICAL DRIVE IN EUROPE TO BREAK UP THE WESTERN ALLIANCE, OF THE RACE FOR SUPREMACY IN SCIENCE AND TECHNOLOGY. THIS IS THE STUFF OF EVERYDAY LIFE IN THIS ORGANIZATION. MEETING THE CHALLENGE OF DEALING WITH THIS PANORAMA OF FAST MOVING EVENTS BOTH DEMANDS AND BRINGS OUT THE BEST IN ALL OF US.

THE FIRST WEEK OF THE YEAR WE PUT THE FINISHING TOUCHES ON OUR BUDGET FOR FISCAL YEAR 1985. THE PRESIDENT AND THE CONGRESS HAVE BEEN GENEROUS IN GIVING US THE RESOURCES TO BUILD AND IMPROVE OUR CAPABILITY TO MEET THESE CHALLENGES. WE ARE WELL ON THE WAY TO RECOVERING THE GROUND LOST DURING THE 70s. BY 1986 WE WILL BE EXAMINING THE WORLD MUCH MORE CLOSELY AND WITH NEW TECHNICAL MARVELS COLLECTING INFORMATION WHICH WE DO NOT NOW REACH. TO HANDLE THIS GREATLY EXPANDED FLOW OF DATA, GET IT WHERE IT IS NEEDED, SORT IT OUT AND FIGURE OUT WHAT IT MEANS, WE ARE MODERNIZING OUR COMMUNICATIONS NETWORK, DEVELOPING NEW COMPUTER SYSTEMS AND OTHER ADVANCED METHODS OF MANAGING AND TARGETING THESE COLLECTION SYSTEMS AND PROCESSING AND ANALYZING THE DATA THEY WILL PRODUCE.

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WITH A SHARPLY INCREASED VOLUME OF INFORMATION. IN THE LAST
THREE YEARS THE BUDGET OF THE DIRECTORATE OF INTELLIGENCE HAS

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RESOURCES FOR

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OUTSIDE EXPERTISE TO HELP AND CRITIQUE OUR ANALYSIS HAVE ALMOST
TRIPLED. WE HAVE CONDUCTED A MASSIVE CAMPAIGN TO PUT OUR ANALYSTS
IN TOUCH WITH EXPERTS IN THE PRIVATE SECTOR, UNIVERSITIES, THINK
TANKS, PRIVATE BUSINESS HERE AND ABROAD. WE HAVE MOVED ANALYSTS
INTO THE COMPUTER AGE WITH HUNDREDS OF THEM NOW HAVING A TERMINAL
TO BRING NEW REPORTS TO THEIR DESK EVERY DAY, ORGANIZE THEIR DATA
AND BRING IT BACK AS NEEDED. ONLY WITH IMPROVED METHODS WILL
THE SAME NUMBER OF ANALYSTS CIA HAD IN 1960 BE ABLE TO COPE WITH
THE FAR BROADER PROBLEMS OF THE 1990s.

IT SAYS A LOT ABOUT THE IMPROVED PUBLIC ATTITUDE TOWARD THE
CIA THAT LAST YEAR ABOUT A QUARTER OF A MILLION AMERICANS ASKED
ABOUT SIGNING UP WITH THE CIA. OUR RECRUITERS INTERVIEWED
ABOUT 20,000 OF THEM AND WE EMPLOY CLOSE TO [] NEW RECRUITS
A YEAR. THAT'S VERY TIGHT SCREENING AND SELECTION. TO COPE
WITH THIS INCREASED HIRING, TO DEVELOP NEW SKILLS AND HELP ALL
OF US DO BETTER AND MORE RELEVANT WORK, OUR TRAINING CAPABILITIES
HAVE BEEN EXPANDED AND IMPROVED WITH NEW COURSES AND PROGRAMS.
THIS SPRING WE WILL BREAK GROUND FOR A NEW BUILDING ON THIS
CAMPUS WHICH WILL GIVE US ALMOST AN ADDITIONAL MILLION SQUARE
FEET OF SPACE AND GREATLY IMPROVE THE COMFORT AND EFFICIENCY
WITH WHICH WE WILL BE ABLE TO DO OUR WORK.

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ALL OF US CAN TAKE PRIDE IN WHAT WE HAVE UNDER WAY, AND HOW WE HAVE USED THE RESOURCES THAT HAVE BEEN PROVIDED US. THE PRESIDENT HAS CALLED FOR A STILL LARGER INCREASE IN 1985, AND IN 1986 WE WILL HAVE COMPLETED MOST OF THE BUILDUP PROJECTED THREE YEARS AGO. BUT THE PROBLEMS WILL BE GREATER AND MORE COMPLEX. THE AMOUNT OF DATA BEING COLLECTED WILL THREATEN TO INUNDATE US. WE WILL BE ABLE TO STAY ON TOP OF IT AND MEET OUR RESPONSIBILITIES ONLY BY HIGHER QUALITY PERFORMANCE. WE ARE WELL INTO THE PROCESS OF RESTORING OURSELVES QUANTITATIVELY. OUR THRUST FOR THIS YEAR AND BEYOND MUST BE TO IMPROVE THE QUALITY OF OUR SKILLS, OF OUR PERFORMANCE AND OF THE SERVICE WE PROVIDE OUR CUSTOMERS.

WE START WITH WHAT IS PROBABLY THE MOST PROFESSIONAL AND DEDICATED WORK FORCE IN THE US GOVERNMENT. WE HAVE TRADITIONALLY MAINTAINED A POSITION ON THE LEADING EDGE OF TECHNICAL ACHIEVEMENTS IN THE COLLECTION AND HANDLING OF INFORMATION. THE QUALITY OF OUR ANALYSIS IN MANY AREAS SURPASSES THAT PRODUCED ANYWHERE ELSE IN THE FEDERAL GOVERNMENT--OR, FOR THAT MATTER, IN THE PRIVATE SECTOR. WE NEED TO CONTINUE TO ATTRACT AND RETAIN SOME OF THE BEST MINDS AVAILABLE IN ANALYTICAL, OPERATIONAL, TECHNICAL AND SUPPORT SPECIALTIES. WE NEED TO RECRUIT YOUNG PEOPLE WITH BRAINS, CREATIVITY, DEDICATION AND DRIVE. WHAT WE HAVE TO OFFER THEM IS THE OPPORTUNITY TO PARTICIPATE IN AN ORGANIZATION UNIQUE IN THE CHALLENGES IT FACES, IN THE RESPONSIBILITY IT CARRIES, IN THE SPIRIT AND THE CAN-DO QUALITIES IT MANIFESTS. EVERY ONE OF US SHOULD MAKE IT PART OF OUR RESPONSIBILITY TO BE ALERT TO PEOPLE

WHO CAN MEET OUR STANDARDS, TO CONVEY THE MESSAGE THAT THERE IS A SPECIAL PRIVILEGE AND A SPECIAL SATISFACTION IN OUR WORK AND DO EVERYTHING WE CAN TO PROVIDE THE EXAMPLE, THE LEADERSHIP, THE GUIDANCE AND THE OPPORTUNITY TO HELP NEW RECRUITS DEVELOP AS WE WOULD LIKE THEM TO.

CIA MUST HAVE DONE THIS WELL OVER THE YEARS. LET US NOW FOCUS MORE CONSCIOUSLY ON DOING IT BETTER AND MORE COMPREHENSIVELY. WE NEED TO BECAUSE WE ARE CARRYING OUR PRESENT LOAD ONLY BY ENLISTING MANY HUNDREDS OF RETIREES WITH PROVEN EXPERIENCE AND ABILITY. SOMETIME WE WILL HAVE TO FILL THAT GAP FROM BELOW AND THE RAPID ACCUMULATION OF NEW THREATS, PROBLEMS, AND CONCERNS FOR US TO HANDLE PROVIDES THE OPPORTUNITY AND THE PRESSURE TO BRING OUR NEW RECRUITS AND YOUNGER PEOPLE ALONG RAPIDLY TO BOTH HIGHER RESPONSIBILITY AND BETTER PERFORMANCE.

WE MUST REMEMBER THAT WHEN THE SPIRIT AND ATTITUDES WE CHERISH HERE WERE DEVELOPED CIA WAS A MUCH SMALLER GROUP OF PEOPLE, MANY OF WHOM KNEW EACH OTHER AND HAD WORKED TOGETHER BEFORE. WE NOW HAVE MORE NEW PEOPLE THAN WE'VE HAD IN A VERY LONG TIME. WE NEED TO TAKE SPECIAL CARE THAT WE PRESERVE, TRANSMIT AND RENEW THE QUALITIES WHICH HAVE BEEN INSTILLED HERE OVER 35 YEARS.

GOOD AS WE ARE, THESE NEW CHALLENGES DEMAND THAT WE WORK TO IMPROVE OUR PERFORMANCE. HOW DO YOU GET SUPERIOR PERFORMANCE FROM A VERY LARGE ORGANIZATION? IT'S NOT COMMON AND IT'S NOT

EASY. IN SEARCH OF EXCELLENCE--LESSONS FROM AMERICA'S BEST RUN COMPANIES IS THE NAME OF A BOOK WHICH FOR MANY MONTHS NOW HAS REPLACED AT THE TOP OF THE BEST SELLER LIST VARIOUS GUIDES ON SEX, ON HOW TO GET RICHER AND ON HOW TO EAT WELL WITHOUT GETTING FAT. THIS BOOK EXAMINES THE IBMs, THE BOEINGS, THE HEWLETT-PACKARDS, THE MINNESOTA MININGS, THE McDONNELLS, THE BECHTELS AND SOME 30 OTHER OUTSTANDING CORPORATE PERFORMERS TO SEARCH OUT WHAT IT IS THAT ACCOUNTS FOR THEIR LEADERSHIP, THEIR SUPERIOR SERVICE AND THEIR GENERAL PERFORMANCE. HOW DO THEY DO IT YEAR AFTER YEAR? MUCH THE SAME QUALITIES RUN THROUGH THESE ENTERPRISES ENGAGED IN BROAD SPECTRUM OF DIVERSE ACTIVITIES. THERE IS A BIAS FOR ACTION, THE CLOSEST ATTENTION TO SERVING THE CUSTOMER, ENCOURAGING ENTREPRENEURSHIP IN THE ORGANIZATION, LOOKING TO THE RANK AND FILE AS THE ROOT SOURCE OF QUALITY IN PERFORMANCE, FOSTERING LEADERSHIP AND INNOVATION AT ALL LEVELS, PRACTICAL RISK-TAKING, LEAN STAFFS, LOTS OF SMALL TASK FORCES TO TACKLE SPECIFIC PROBLEMS IN A SHORT TIME FRAME, A HIGH PREMIUM ON FLEXIBILITY, ON RAPID AND EFFECTIVE LEARNING, ON ADAPTATION AND COMMITMENT. IN A VARIETY OF WAYS THEY ENCOURAGE INITIATIVE, SUPPORT SELF-STARTERS, CREATE TASK FORCES WITH SHORT TIME FUSES TO REACT QUICKLY, BREAK NEW GROUND, CROSS FERTILIZE EXPERIENCE AND KNOWLEDGE. THEY PUSH THEIR MANAGERS AND STAR PERFORMERS TO LEAD AND DEVELOP YOUNGER PEOPLE BY FORCE OF EXAMPLE, TO IDENTIFY THEIR COMERS AND TO FORCE THE PACE OF THEIR DEVELOPMENT. THESE AND OTHER APPROACHES TO DEVELOPING PEOPLE AND GENERATING SUPERIOR PERFORMANCE AND EXCELLENCE ARE LAID OUT WITH FASCINATING EXAMPLES IN THE BOOK

IN SEARCH OF EXCELLENCE. SOME OF OUR SENIOR MANAGERS HAVE ALREADY BOUGHT COPIES FOR THEIR ASSOCIATES. I AM HAVING OUR LIBRARY ACQUIRE ENOUGH COPIES SO THAT ANYONE WHO WANTS TO READ OR LOOK THROUGH A COPY WILL NOT HAVE TO WAIT VERY LONG.

WE HAVE IN CIA MANY OF THE FEATURES THAT CHARACTERIZE THESE HIGH-POWERED PRIVATE ORGANIZATIONS. WHEN WE AWARDED THE SIS BONUSES HERE LAST WEEK, WE RECOGNIZED INDIVIDUALS WHO CARRY THE PRINCIPAL RESPONSIBILITY IN OUR GOVERNMENT FOR ASSESSING THE SOVIET STRATEGIC THREAT, FOR COPING WITH THE SOVIET-CUBAN SUBVERSIVE THRUST IN THE CARIBBEAN AND CENTRAL AMERICA, FOR MODERNIZING A WORLDWIDE COMMUNICATIONS SYSTEM WHICH HAD BECOME OBSOLETE, FOR WATCHING SOVIET VIOLATIONS OF ARMS CONTROL AGREEMENTS AND OTHER SPLENDID ACHIEVEMENTS. WE ARE MOVING YOUNGER PEOPLE INTO GREATER RESPONSIBILITY WITH SIS-01s AND -02s BEING TAPPED AS OFFICE DIRECTORS AND GS-13s AND -14s RUNNING MAJOR LOGISTICAL AND TRAINING OPERATIONS IN COUNTRIES WHERE OPERATIONS OF WORLDWIDE IMPORTANCE ARE BEING CONDUCTED. WE HAVE HAD GS-10s AND -11s BRIEFING THE PRESIDENT AND WORKING ON TASK FORCES TACKLING HIGH NATIONAL CONCERNS ABOUT INSURGENCIES, ABOUT TERRORISM, ABOUT DECEPTION AND DAMAGE TO OUR INTELLIGENCE CAPABILITIES, ABOUT THE STABILITY OF MAJOR COUNTRIES IN WHICH WE HAVE BIG STAKES. WHERE ELSE CAN YOUNG PEOPLE GET THAT KIND OF A CHALLENGE?

THOSE WHO WILL BE OUR FUTURE MIDDLE AND SENIOR LEVEL MANAGERS WILL ALSO BE JUDGED ON THEIR RECORD IN IDENTIFYING AND DEVELOPING

TALENT AS WELL AS ON THEIR OWN PERFORMANCE. THE PROCESS OF MAKING ASSIGNMENTS--DECIDING HOW MUCH AND WHAT KIND OF EXPERTISE MUST BE FOCUSED ON THE VARIOUS TASKS WHICH CONFRONT US, AND DECIDING TO WHOM TO ENTRUST THESE TASKS--IS OF CRITICAL IMPORTANCE. SOME ASSIGNMENTS STRETCH THE CAPABILITIES OF OUR PEOPLE--SOMETIMES SETTING THE STAGE FOR GREAT GROWTH. OTHER ASSIGNMENTS MERELY TAKE ADVANTAGE OF WHAT A PERSON ALREADY KNOWS HOW TO DO. AS YOU CARRY OUT THIS ESSENTIAL TASK, CONSIDER THE PERSONAL DEVELOPMENT ASPECTS OF EACH ASSIGNMENT AS CAREFULLY AS YOU DO THE NEED TO ACCOMPLISH SUCCESSFULLY WHATEVER TASK IS AT HAND.

YOU WILL FIND OTHER WAYS TO FOSTER AN ATMOSPHERE OF CHALLENGE AND OPPORTUNITY, TO TEST OUR YOUNGER PEOPLE, TO BRING THEM MORE RAPIDLY INTO HIGHER AND BROADER RESPONSIBILITY, AND TO INSTILL IN THEM A SENSE OF PURPOSE AND A CONFIDENCE IN THEIR CAPABILITIES.

IT ALL BOILS DOWN TO A QUEST FOR EXCELLENCE. THAT IS AND ALWAYS HAS BEEN ALIVE AND WELL IN THIS ORGANIZATION. HOW CAN WE INTENSIFY AND TRANSMIT THAT ASPIRATION TO EVERY CORNER OF THIS ORGANIZATION AND BRING OUT LATENT TALENT WHEREVER IT EXISTS. WEEK BEFORE LAST, AFTER A DAY VISITING IBM'S RESEARCH CENTER IN UPSTATE NEW YORK, I CAME AWAY WITH NEW INSIGHT INTO HOW QUALITIES OF THRUST AND DRIVE, FLEXIBILITY AND RESPONSE TO CHALLENGE AND THE QUEST FOR EXCELLENCE CAN BE MADE TO PERVADE AND ANIMATE A HUGE ORGANIZATION. A MAJOR KEY TO IBM'S SUCCESS IN MAINTAINING HIGH PERFORMANCE, FOCUS AND DRIVE IN A LARGE NUMBER OF COMPONENT ORGANIZATIONS SPREAD ALL OVER THE WORLD IS A STATEMENT OF

OBJECTIVES AND PRINCIPLES WHICH THEY TAKE VERY SERIOUSLY. WE HERE AND OTHERS IN GOVERNMENT HAVE A CODE OF CONDUCT WHICH PRIMARILY TELLS US WHAT NOT TO DO. THAT IS IMPORTANT AND MUST NOT BE NEGLECTED. BUT WE ALSO NEED TO HAVE EVER IN OUR MINDS A CALL TO ACTION, A STATEMENT OF POSITIVE PURPOSE, AN ARTICULATION OF STANDARDS OF EXCELLENCE TO WHICH WE CAN RALLY AND ASPIRE.

THE TONE AND ATTITUDE AT CIA IS RIGHT BUT I BELIEVE AN ARTICULATION OF OUR POSITIVE OBJECTIVES CAN INTENSIFY THE EXCELLENCE WE HAVE ACHIEVED HERE AND SPREAD IT MORE BROADLY. I'VE COLLECTED FROM BOEING, HEWLETT-PACKARD, IBM, BECHTEL AND OTHER STAR PERFORMERS STATEMENTS OF THEIR OBJECTIVES WHICH THEY RELY ON TO GIVE THEIR PEOPLE THE FREEDOM AND RESPONSIBILITY TO WORK TOWARD THOSE STATED GOALS IN WAYS THEY FIND BEST IN THEIR RESPECTIVE AREAS OF RESPONSIBILITY.

HOW DO WE GET SUCH A STATEMENT OF PURPOSE, AN ARTICULATION OF STANDARDS OF EXCELLENCE FOR THIS ORGANIZATION IN A WAY WHICH DEVELOPS FROM WITHIN AND REFLECTS THE VIEWS, ASPIRATIONS AND THE EXPERIENCE OF ALL OUR PEOPLE AND, ABOVE ALL, WHICH HAS THEIR COMMITMENT. IN THE THREE YEARS I'VE BEEN HERE, I'VE VISITED MORE OF OUR STATIONS AND BASES AND HAVE VISITED MOST ELEMENTS OF THE ORGANIZATION HERE IN THE CAPITOL AREA. I DO AS MUCH OF THIS AS I CAN FIND TIME FOR BECAUSE I ALWAYS LEARN AND FEEL BETTER ABOUT THIS OUTFIT FROM TALKING WITH YOU ONE ON ONE OR IN SMALL GROUPS. RECENTLY, I REALIZED THAT I HAD NOT BEEN IN CONTACT WITH ENOUGH OF THE 25 SUBSTANTIVE COMMITTEES WE HAVE IN

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THE COMMUNITY AND THE 20 OR SO WE HAVE IN THE CIA. SO I WROTE TO THE CHAIRMAN OF EACH COMMITTEE ASKING FOR A THREE-PARAGRAPH NOTE TELLING ME (1) WHAT THE COMMITTEE WAS UP TO, (2) HOW WELL IT WAS DOING AND (3) HOW IT MIGHT DO BETTER. I RECEIVED GOOD RESPONSES QUICKLY AND THEY LED TO GOOD, PURPOSEFUL MEETINGS AND VALUABLE NEW PROJECTS FOR THE MORE ACTIVE COMMITTEES AND THE EXTINCTION OF SOME WHICH HAD SERVED THEIR PURPOSE.

WHAT I WANT TO DO NOW IS TO INSTITUTE A PROCESS TO GET WITHIN A SHORT TIME FRAME, FROM EVERY CORNER OF THE ORGANIZATION, A BROAD EXAMINATION OF WHAT WE ARE ABOUT, WHAT IT IS WE WANT TO FOSTER AND ENCOURAGE, AND THE KIND OF THINGS WE CAN DO TO ACCOMPLISH THAT. FROM THIS WE WILL DEVELOP A STATEMENT OF PURPOSE APPLICABLE TO THIS ORGANIZATION, TO OUR MISSION, TO THE KIND OF CUSTOMERS WE SERVE, AND TO THE KIND OF WORK ENVIRONMENT AND TASKS WHICH OUR MISSION REQUIRES. OUT OF THIS EXERCISE I BELIEVE WE CAN LEARN AND TEACH EACH OTHER A LOT. I WOULD LOOK FOR THE KIND OF POSITIVE STATEMENT OF PURPOSE AND STANDARDS OF EXCELLENCE WHICH WILL SUPPLEMENT THE CODE OF CONDUCT WHICH NOW TELLS US HOW WE MUST BEHAVE AND WHAT WE MUST NOT DO. OUT OF IT I BELIEVE WILL COME A HIGHER SENSITIVITY TO HOW WE CAN ENCOURAGE CREATIVITY, INDEPENDENCE OF ACTION, ENTREPRENEURSHIP. GET SMALL TASK FORCES ROLLING UP THEIR SLEEVES, TAKING ON A PROBLEM AND GETTING SOMETHING DONE WITHIN A RELATIVELY SHORT TIME FUSE. THAT'S THE WAY TO MAKE THINGS MOVE, TO GET SUPERIOR PERFORMANCE IN ANY ORGANIZATION-- SET TASKS, SET DEADLINES, MAKE DECISIONS. ACT. STAY FLEXIBLE.

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CHANGE COURSE IF EXPERIENCE INDICATES. GET IT DONE AND MOVE ON. THAT'S THE TEMPO WE WANT AND NEED HERE.

HOW DO WE GET THIS DONE? SOME 15 YEARS AGO THE STATE DEPARTMENT, AFTER A SERIES OF OUTSIDE PANELS AND COMMISSIONS CREATED BY PRESIDENTS, BY CONGRESS, SOME OF THEM SELF-APPOINTED, HAD PRODUCED PONDEROUS AND UNREAD REPORTS, DECIDED TO EXAMINE ITSELF TO SEE HOW IT COULD DO BETTER. TWO HUNDRED AND FIFTY FOREIGN SERVICE OFFICERS DEPLOYED THEMSELVES INTO 13 SEPARATE TASK FORCES AND LABORED FOR 11 MONTHS TO PRODUCE THIS 600-PAGE VOLUME UNDER THE LABEL DIPLOMACY FOR THE SEVENTIES. IT IS COMMENDABLE THAT THE FOREIGN SERVICE APPLIED ITS OWN KNOWLEDGE AND EXPERIENCE TO DEFINE A NEW DIPLOMACY AND THIS WAS A GOOD EXERCISE FOR THE STATE DEPARTMENT. OUR STYLE IS DIFFERENT. I'M LOOKING FOR TWO PAGES IN THREE WEEKS PLUS ANY VALUABLE IDEAS AND SUGGESTIONS WHICH A QUICK AND SEARCHING SELF-EXAMINATION, INVOLVING NOT 250 PEOPLE BUT ALL OF US, CAN GENERATE. OUR STYLE IS TO LOOK FOR PROBLEMS AND NEEDS, TO SEARCH FOR AND MARSHAL THE EXPERIENCE AND TALENT TO RESPOND, GET IT DONE AND MOVE ON TO THE NEXT THING AS QUICKLY AS POSSIBLE. WE WANT TO EXTEND THAT SPIRIT, THAT STYLE, THAT TEMPO TO OUR NEW RECRUITS AND MORE WIDELY AMONG THOSE ALREADY HERE. WE'LL DO OUR SELF-EXAMINATION WITH A TASK FORCE. BUT IT WILL BE A BIG AND LOOSELY STRUCTURED TASK FORCE. IT WILL ENCOURAGE AND PROVIDE OPPORTUNITY FOR INDEPENDENT INITIATIVE AND THOUGHT FROM ALL LEVELS. IT WILL BE SHARPLY FOCUSED AND HAVE A SHORT TIME FUSE. EVERY MANAGER WILL RECEIVE A PACKAGE CONSISTING OF

THREE PARTS: A ROUGH FIRST DRAFT OF A STATEMENT OF OBJECTIVES AND PRINCIPLES FOR CIA, A SAMPLE OF COMPARABLE STATEMENTS FROM A FEW OTHER ORGANIZATIONS OF OUTSTANDING QUALITY, AND A QUICK SUMMARIZATION OF FEATURES AND METHODS THE AUTHORS OF THIS BOOK FOUND IN THE MOST EFFECTIVE PRIVATE ORGANIZATIONS OUR COUNTRY HAS DEVELOPED. EACH MANAGER WILL BE EXPECTED TO USE HIS JUDGMENT ON HOW BEST TO GET THE PEOPLE HE WORKS WITH INVOLVED IN CRITIQUING AND IMPROVING THE DRAFT STATEMENT OF OBJECTIVES AND GETTING THEIR BROAD UNDERSTANDING, ACCEPTANCE AND COMMITMENT TO THOSE OBJECTIVES. I WOULD RECOMMEND WORKING IN SMALL GROUPS AND IN SHORT MEETINGS, BUT URGE THAT YOU FOLLOW YOUR OWN INSTINCTS AND DEVELOP YOUR OWN METHODS TO INVOLVE THE PEOPLE WHO WORK WITH YOU.

I WILL BE AWAY FOR ABOUT HALF OF NEXT MONTH AND I WILL EXPECT EACH MANAGER TO HAVE BY 22 FEBRUARY AN IMPROVED STATEMENT OF GOALS FOR CIA AND A SUCCINCT MEMO SUMMARIZING THE IMPORTANT THOUGHTS AND RECOMMENDATIONS WHICH DEVELOPED IN THIS PROCESS AMONG THE PEOPLE WHO REPORT TO HIM. I WILL READ AND DISCUSS THESE RESPONSES CAREFULLY AND WE WILL PROMULGATE A STATEMENT OF OUR ORGANIZATIONAL OBJECTIVES BEFORE FEBRUARY IS GONE.

THANK YOU!

DCI
24 Jan 84

A critical ingredient in the success of an institution is its ability to articulate the principles that provide the framework in which it operates. As the Central Intelligence Agency grows and becomes increasingly complex and specialized, a greater effort is required to establish its corporate identity and create broad understanding of its purposes, principles and standards. There follows an initial draft of such a statement designed to be critiqued and improved and generate thought and discussion in every corner of the organization on what we're about and how the qualities which make CIA a standout in excellence of performance can best be strengthened and extended at all levels and in all areas.

STATEMENT OF GOALS, PRINCIPLES AND STANDARDS FOR CIA

Purpose. To provide accurate, comprehensive intelligence support to a broad range of consumers in a timely manner and in a form to be of greatest utility. No matter what job we have or the nature of our immediate tasks, our independent and collective efforts are all directed towards this purpose.

Organization. The CIA is made up of operating elements that are critically dependent on one another to support their individual and joint activities. Each element's departmental and national responsibilities are respected and, in turn, will undertake to contribute to and make use of the role and performance of other relevant elements.

Ethics. Our activities are conducted under the Constitution and laws of the United States. The nature of our work is such that every member of the Agency must be aware of and sensitive to the letter and spirit of this legal context, and manifest the highest degree of integrity in performance and conduct.

People. CIA's people are the root source of its capabilities. The strength of the organization is dependent on the quality of its people, and its future is related to the opportunities it affords for their professional and personal growth. Skills are recognized and fostered through training, travel and assignments; management personnel are selected for their ability to inspire enthusiasm and promote excellence based on their own performance.

Management. CIA's operating style is to foster initiatives and creativity by allowing the individual great freedom of action in attaining well-defined objectives, while requiring efficiency, accountability, and results at all levels.

Measure of Results. Business organizations measure results in profits, return on investment and capital growth required to deliver the expanded and improved service which further increases profit and capital value. This is achieved by meeting the needs of customers more satisfactorily than alternative sources. As a public service, this organization does not have profitability

and capital value to measure its results. Still, its results are in the satisfaction of its customers in the value, relevance, and timeliness of the intelligence and operational inputs they receive. Those results come from the qualities of its people and their creativity, dedication, and success in utilizing technology and resources to collect, analyze, and apply information and judgment to foster the security and prosperity of the United States. The resources needed to achieve those results come from the way the President and the Congress and the public assess and value these results.

Standards. We seek to exemplify in everything we do:

- performance of the highest quality;
- ethics and integrity of the highest order;
- development of outstanding skills, confidence, and personal resources in our people;
- utilization of the most effective technologies;
- capability and flexibility to meet tough and sudden challenges;
- leadership and recognition as the best intelligence service in the world.

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Qualitative Goals

- Achieve and maintain excellent quality of management.
- Maintain and enhance our reputation for quality of products and services.
- Stimulate innovativeness throughout the company.
- Strive to insure that the public views Boeing as an attractive long-term investment.
- Preserve and enhance our financial soundness.
- Always seek to attract, develop and retain talented people.
- Exhibit community and environmental responsibility.
- Manage corporate assets so as to preserve and grow them.

Classes of Goals

- Beliefs: These represent what we are, and we want to stay that way.
 - Publish widely and reinforce regularly.
- Objectives: These describe, in subjective terms, where we would like to be.
 - Publish to 90-series annually, reinforce other ways.
- Targets: These are quantifiable goals.
 - Publish only to restricted group who can do something about them.

Beliefs

- We are a producer of very high quality goods and services.
- We have outstanding ethics and integrity.
- We always strive to be a positive economic, intellectual and social influence on any community in which we operate and will attempt to limit any negative aspects of our presence.
- We recognize talented people are our most important asset; therefore, we will.
 - Set a creative and productive environment.
 - Provide each individual the maximum opportunity for growth through training and job assignments.
 - Promote and compensate only by merit unless constrained by collective bargaining agreements.

Boeing (continued)

- We seek tough challenges demanding excellent management and high technology.
- We strive to perform all tasks in a superior fashion.

Objectives

- Posture ourselves to capitalize on the changing environment, automation, technology, etc., between now and 2000.
- Develop multi-state and multi-nation presence to preserve and enhance our success.
- When we decide to compete in any market, provide excellent products and services at attractive prices so as to achieve an eminent and profitable position in that market.
- Evolve into a more diverse business (without becoming a conglomerate) so as to maximize growth and minimize the impact of maturing or vulnerable product lines.

IBM

A Business and Its Beliefs

- Any organization, to survive and succeed, must have a sound set of beliefs guiding all its policies and actions.
- The most important single factor in corporate success is faithful adherence to those beliefs.
- To meet the challenges of a changing world, an organization must be prepared to change everything about itself except those beliefs.

Respect for the Individual

- Job security.
- Above-average benefits.
- Open-door policy.
- Managers help employees.
- Promote from within.
- Accept "Wild Ducks"

The Best Customer Service in the World

- Adapt equipment to customer.
- The customer's problem must be solved.

Strive to Accomplish All Tasks in a Superior Fashion

- It is better to aim at perfection and miss.
- Be willing to try seemingly impossible tasks.
- A loss is a personal affront.

Faithful Adherence to Beliefs

- Retraining for technological change - up to 25 percent at once.
- Management training in beliefs, then skills.
- Everyone on straight salary, no hourly.

IBM (continued)

- Retain the "small company" character.
 - Human touches.
 - Communication both ways.
 - Risk-taking by middle managers.
- Company comes before all subsets.

Principles

- Same three as 1962.
- Managers must lead effectively.
 - Plan for the future.
- Obligations to stockholders.
 - ROI and growth.
- Fair deal for the supplier.
 - Avoid dependence by supplier.
- Be a good corporate citizen.
 - Community, nation and world.

Basic Business Goals

- Be the product leader--excel in technology, reliability, maintainability and value.
- Be the most efficient company in this industry, in all respects.
- Compete in, and grow with, all aspects of the information industry.

HEWLETT-PACKARD

THE ORGANIZATIONAL FRAMEWORK FOR OUR OBJECTIVES

The achievements of an organization are the result of the combined efforts of each individual in the organization working toward common objectives. These objectives should be realistic, should be clearly understood by everyone in the organization, and should reflect the organization's basic character and personality.

If the organization is to fulfill its objectives, it should strive to meet certain other fundamental requirements:

FIRST, there should be highly capable, innovative people throughout the organization. Moreover, these people should have the opportunity—through continuing programs of training and education—to upgrade their skills and capabilities. This is especially important in a technical business where the rate of progress is rapid. Techniques that are good today will be outdated in the future, and people should always be looking for new and better ways to do their work.

SECOND, the organization should have objectives and leadership which generate enthusiasm at all levels. People in important management positions should not only be enthusiastic themselves, they should be selected for their ability to engender enthusiasm among their associates. There can be no place, especially among the people charged with management responsibility, for half-hearted interest or half-hearted effort.

THIRD, the organization should conduct its affairs with uncompromising honesty and integrity. People at every level should be expected to adhere to the highest standards of business ethics, and to understand that anything less is totally unacceptable. As a practical matter, ethical conduct cannot be assured by written policies or codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed from one generation of employees to another.

FOURTH, even though an organization is made up of people fully meeting the first three requirements, all levels should work in unison toward common objectives, recognizing that it is only through effective, cooperative effort that the ultimate in efficiency and achievement can be obtained.

It has been our policy at Hewlett-Packard not to have a tight military-type organization, but rather to have overall objectives which are clearly stated and agreed upon, and to give people the freedom to work toward those goals in ways they determine best for their own areas of responsibility.

Our Hewlett-Packard objectives were initially published in 1957. Since then they have been modified from time to time, reflecting the changing nature of our business and social environment. This booklet represents the latest updating of our objectives. We hope you find them informative and useful.

Hewlett-Packard (continued)

THE OBJECTIVES

1. PROFIT

OBJECTIVE: To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

In our economic system, the profit we generate from our operations is the ultimate source of the funds we need to prosper and grow. It is the one absolutely essential measure of our corporate performance over the long term. Only if we continue to meet our profit objective can we achieve our other corporate objectives.

Our long-standing policy has been to reinvest most of our profits and to depend on this reinvestment, plus funds from employee stock purchases and other cash flow items, to finance our growth.

Profits vary from year to year, of course, reflecting changing economic conditions and varying demands for our products. Our needs for capital also vary, and we depend on short-term loans to meet those needs when profits or other cash sources are inadequate. However, loans are costly and must be repaid; thus, our objective is to rely on reinvested profits as our main source of capital.

Meeting our profit objective requires that we design and develop each and every product so that it is considered a good value by our customers, yet is priced to include an adequate profit. Maintaining this competitiveness in the marketplace also requires that we perform our manufacturing, marketing and administrative functions as economically as possible.

Profit is not something that can be put off until tomorrow; it must be achieved today. It means that myriad jobs be done correctly and efficiently. The day-to-day performance of each individual adds to—or subtracts from—our profit. Profit is the responsibility of all.

2. CUSTOMERS

OBJECTIVE: To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

The continued growth and success of our com-

Hewlett-Packard (continued)

pany will be assured only if we offer our customers innovative products that fill real needs and provide lasting value, and that are supported by a wide variety of useful services, both before and after sale.

Satisfying customer needs requires the active participation of everyone in the company. It demands a total commitment to *quality*, a commitment that begins in the laboratory and extends into every phase of our operations. Products must be designed to provide superior performance and long, trouble-free service. Once in production, these products must be manufactured at a reasonable cost and with superior workmanship.

Careful attention to quality not only enables us to meet or exceed customer expectations, but it also has a direct and substantial effect on our operating costs and profitability. Doing a job right the first time, and doing it consistently, sharply reduces costs and contributes significantly to higher productivity and profits.

Once a quality product is delivered to the customer, it must be supported with prompt, efficient services of the same high quality.

Good communications are essential to an effective field sales effort. Because of our broad and growing line of products, very often several sales teams will be working with a single customer. These teams must work closely to assure that the products recommended best fulfill the customer's overall, long-term needs. Moreover, HP customers must feel that they are dealing with one company, a company with common policies and services, and one that has a clear understanding of their needs and a genuine interest in providing proper, effective solutions to their problems.

3. FIELDS OF INTEREST

OBJECTIVE: *To build on our strengths in the company's traditional fields of interest, and to enter new fields only when it is consistent with the basic purpose of our business and when we can assure ourselves of making a needed and profitable contribution to the field.*

Our company's growth has been generated by a strong commitment to research and development, and has been accomplished in two ways—first, by

providing a steady flow of new products to markets in which we are already well established and second, by expanding our technology into fields that are new but related to our traditional ones. The evolution of the HP product line is a reflection of this two-dimensional growth.

Our first products were electronic measuring instruments used primarily by engineers and scientists. In time we extended our range of products to include solid-state components, and instrumentation for the fields of medicine and chemical analysis. Recognizing our customers' needs to gather and assimilate large quantities of measurement data, we developed a family of computers to complement HP measuring devices. By linking measurement and computational technologies, we gained added strength in our traditional, technically-oriented markets and began to serve the broader needs of business and industry.

Today, the interactive capabilities of Hewlett-Packard instruments and systems enable our customers—decision makers in business as well as in technical fields—to gain ready access to essential information, to put it into meaningful form, and to use it effectively in improving the productivity of themselves and their organizations. Helping these customers achieve better results is the unifying purpose of our business. The areas we serve build on each other to add strength to our company and provide additional values to our customers. This guides our interests, our organization and our marketing philosophy.

The broad scope of HP technology often provides opportunities for our company to expand into new fields. Before entering a new field, however, we must satisfy ourselves that it is consistent with our business purpose and that it affords us the opportunity to make a significant contribution. This requires that we have not only the technology to create truly innovative and needed products, but that we also have the capability to manufacture and market them effectively and at a reasonable profit.

4. GROWTH

OBJECTIVE: *To let our growth be limited only by our profits and our ability to develop and produce innovative products that satisfy real customer needs.*

Hewlett-Packard (continued)

How large should a company become? Some people feel that when it has reached a certain size there is no point in letting it grow further. Others feel that bigness is an objective in itself. We do not believe that large size is important for its own sake; however, for at least two basic reasons, continuous growth in sales and profits is essential for us to achieve our other objectives.

In the first place, we serve a dynamic and rapidly growing segment of our technological society. To remain static would be to lose ground. We cannot maintain a position of strength and leadership in our fields without sustained and profitable growth.

In the second place, growth is important in order to attract and hold high caliber people. These individuals will align their future only with a company that offers them considerable opportunity for personal progress. Opportunities are greater and more challenging in a growing company.

5. OUR PEOPLE

OBJECTIVE: To help HP people share in the company's success which they make possible; to provide job security based on their performance; to insure them a safe and pleasant work environment; to recognize their individual achievements; and to help them gain a sense of satisfaction and accomplishment from their work.

We are proud of the people we have in our organization, their performance, and their attitude toward their jobs and toward the company. The company has been built around the individual, the personal dignity of each, and the recognition of personal achievements.

Relationships within the company depend upon a spirit of cooperation among individuals and groups, and an attitude of trust and understanding on the part of managers toward their people. These relationships will be good only if employees have faith in the motives and integrity of their peers, supervisors and the company itself.

On occasion, situations will arise where people have personal problems which temporarily affect their performance or attitude, and it is important that people in such circumstances be treated with sympathy and understanding while the problems are being resolved.

Job security is an important HP objective. Over the years, the company has achieved a steady growth in employment by consistently developing good new products, and by avoiding the type of contract business that requires hiring many people, then terminating them when the contract expires. The company wants HP people to have stable, long-term careers—dependent, of course, upon satisfactory job performance.

Another objective of HP's personnel policies is to enable people to share in the company's success. This is reflected in a pay policy and in employee benefit programs that place us among the leaders in our industry.

There is also a strong commitment at HP to the concept of equal opportunity and affirmative action, not only in hiring but also in providing opportunities for advancement. Advancement is based solely upon individual initiative, ability and demonstrated accomplishment. Since we promote from within whenever possible, managers at all levels must concern themselves with the proper development of their people, and should give them ample opportunity—through continuing programs of training and education—to broaden their capabilities and prepare themselves for more responsible jobs.

The physical well-being of our people has been another important concern of HP's since the company's founding. With the growing complexity and diversity of our research and manufacturing processes, we must be especially vigilant in maintaining a safe and healthful work environment.

We want people to enjoy their work at HP and to be proud of their accomplishments. This means we must make sure that each person receives the recognition he or she needs and deserves. In the final analysis, people at all levels determine the character and strength of our company.

6. MANAGEMENT

OBJECTIVE: To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.

In discussing HP operating policies, we often refer to the concept of "management by objective." By this we mean that, insofar as possible, each individ-

Hewlett-Packard (continued)

ual at each level in the organization should make his or her own plans to achieve company objectives and goals. After receiving supervisory approval, each individual should be given a wide degree of freedom to work within the limitations imposed by these plans, and by our general corporate policies. Finally, each person's performance should be judged on the basis of how well these individually established goals have been achieved.

The successful practice of "management by objective" is a two-way street. Management must be sure that each individual understands the immediate objectives, as well as corporate goals and policies. Thus a primary HP management responsibility is communication and mutual understanding. Conversely, employees must take sufficient interest in their work to want to plan it, to propose new solutions to old problems, to stick their necks out when they have something to contribute. "Management by objective," as opposed to management by directive, offers opportunity for individual freedom and contribution; it also imposes an obligation for everyone to exercise initiative and enthusiasm.

In this atmosphere it is important to recognize that cooperation between individuals and between operating units is essential to our growth and success. Although our operations are decentralized, we are a single company whose overall strength is derived from mutually helpful relationships and frequent interaction among our dispersed but interdependent units.

It is important, as well, for everyone to recognize there are some policies which must be established and maintained on a company-wide basis. We welcome recommendations on these company-wide policies from all levels, but we expect adherence to them at all times.

7. CITIZENSHIP

OBJECTIVE: *To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.*

All of us should strive to improve the environment in which we live. As a corporation operating in many different communities throughout the world, we must make sure that each of these communities is better for our presence. This means identifying our inter-

ests with those of the community; it means applying the highest standards of honesty and integrity to all our relationships with individuals and groups; it means enhancing and protecting the physical environment, building attractive plants and offices of which the community can be proud; it means contributing talent, time and financial support to worthwhile community projects.

Each community has its particular set of social problems. Our company must help to solve these problems. As a major step in this direction, we must strive to provide worthwhile employment opportunities for people of widely different backgrounds. Among other things, this requires positive action to seek out and employ members of disadvantaged groups, and to encourage and guide their progress toward full participation at all position levels.

As citizens of their community, there is much that HP people can and should do to improve it—either working as individuals or through such groups as churches, schools, civic or charitable organizations. In a broader sense, HP's "community" also includes a number of business and professional organizations, such as engineering and scientific societies, whose interests are closely identified with those of the company and its individual employees. These, too, are deserving of our support and participation. In all cases, supervisors should encourage HP people to fulfill their personal goals and aspirations in the community as well as attain their individual objectives within HP.

At a national level, it is essential that the company be a good corporate citizen of each country in which it operates. Moreover, our employees, as individuals, should be encouraged to help in finding solutions to national problems by contributing their knowledge and talents.

The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all.

The Norton Company

This expression of Norton's corporate mission reflects goals and means of achievement for which the company will be accountable to its many publics.

Norton intends to be a world leader through the profitable development, production and marketing of products and services that provide superior customer value.

Norton will be both a balanced and a coherent company: balanced among its various businesses so as to reduce vulnerability to competition and economic forces; coherent and logical in its structure so that there is a sense of consistency and clarity to the enterprise. Abrasives will continue to be a strong business within this structure.

To achieve its mission the Company will allocate its resources guided by the following objectives:

- Target efforts at long-term growth markets.
- Focus on those business opportunities that offer either enough volume or enough profit margin to support the investments necessary to build and maintain leadership positions.
- Give priority to investments that will provide the Company with a proprietary edge, a value added edge or a technological edge in the marketplace.
- Consider investments throughout the world, weighing opportunities and risks.
- Recognizing that the success of Norton depends on people, give special attention to the recruitment and development of human resources on a worldwide basis.

In order to fulfill this mission, Norton will continue to demonstrate a sense of responsibility to the public interest and to earn the respect and loyalty of its customers, employees, shareholders, suppliers and the communities in which it does business.

Bechtel

CORPORATE PURPOSE

To engage as a privately-owned enterprise on a world-wide basis in the business of engineering, construction and related activities, deriving therefrom a fair net income with due regard for maximum long-term profit growth, the satisfactions of constructive accomplishment and other rewards of quality performance.

OBJECTIVES

1 NATURE OF BUSINESS

To provide an integrated, comprehensive technical service as professional engineers, constructors and managers for selected industries and governmental entities in areas of the world where such service is needed.

To maintain a volume of work that results in optimum size for profitability and maximum effectiveness, thereby providing attractive corporate and individual opportunities, challenges and rewards.

To maintain an independent, objective position, taking a proprietary interest in patents and processes only to the extent that these do not conflict with objectivity and will serve the company's long-term interests.

2 PERFORMANCE

To cherish excellence in all we undertake by maintaining the competence of our service and the quality of its end products at the highest possible professional levels.

3 CLIENTELE

To attract and serve clients who are of high caliber in their respective industries, whose practices are compatible with our own and who may be regarded as sources of continuing business.

4 MANAGEMENT AND ORGANIZATION

To maintain an organizational structure in which top management provides leadership, establishes policy, does the long-range planning; and in which senior officers supervise client services and other line activities.

Bechtel (continued)

ties performed by divisions organized on an industry-service basis with project-oriented responsibility, and supporting staff work performed by function-oriented departments.

To achieve an organization which effectively renders the best possible service in each of its chosen fields, continually developing its capabilities and enjoying consistent growth in profitability and accomplishment.

To maintain flexibility of organization in order to meet our corporate and client responsibilities and the changing requirements of our diverse operations.

5 PERSONNEL

To conduct our business recognizing that people are our most important resource by maintaining an environment in which the individual employee, through imagination, enthusiasm, hard work, knowledge and self-discipline can achieve tangible and intangible rewards commensurate with his performance.

To compensate employees fairly and to provide them with opportunities for advancement, financial growth, long-term careers and personal satisfaction.

To meet our personnel requirements by finding the best available person for each position, placing strong emphasis on employee development and promotion from within but, when necessary, employing well-qualified people from outside the organization.

6 OWNERSHIP AND CONTROL

To continue ownership and control of the company with those who are active in its management.

To structure, finance and operate the business in a manner that gives maximum freedom from outside control, supervision, restrictions, and interference.

7 PROFIT

To earn a fair profit commensurate with the quality and extent of the services rendered and the risks taken. In so doing, to take into account the continuing development of our organization and its relationships with employees, clients, suppliers, subcontractors, the construction and other industries, government and the general public.

8 EMPLOYEE PROFIT-SHARING

To share the financial results of success with those who make possible that success, as an aid in attracting and retaining competent personnel, promoting good morale, and otherwise contributing to our progress as a dynamic organization.

9 DIVERSIFICATION

To be alert to new opportunities and to pursue activities in new and diverse fields, preferably bearing a logical relationship to engineering-construction, in order to maintain preeminence in a competitive environment subject to rapid and drastic change, and to derive optimum utilization of our financial and other resources.

10 PUBLIC AND GOVERNMENT RELATIONS

To exert positive effort in selected public, professional, industrial, and government sectors in order to foster goodwill and wider recognition of the organization's capabilities, to increase opportunities for new business, improve employee and community relations, and acquaint key people in government with company and industry views.

DCI
23 Jan 84

Excerpts from
In Search of Excellence: Lessons from America's Best Run Companies

This book was published in 1982 and written by Thomas Peters, with an engineering degree from Cornell and a Ph.D. in business from Stanford and experience in management and engineering as a principal of McKinsey and Company, and Robert Waterman, with a geophysical engineering degree from Colorado School of Mines, Masters of Business Administration from Stanford, also with management engineering experience at McKinsey. They spent a couple of years visiting, studying and coordinating depth interviews at 35 companies which both the record and public perception have established as business champions--IBM, Hewlett-Packard, Western Electric, United Technologies, Texas Instruments and Xerox in high tech; Eastman-Kodak, Johnson & Johnson, Frito-Lay, Proctor and Gamble in consumer goods; Caterpillar Tractor, Minnesota Mining Company, and Ingersoll-Rand in general industrial activity; Delta, Marriott, and McDonald's in service activity; Bechtel, Boeing and Fluor in project management; Exxon in resource exploitation. They looked less closely at another 29 hot companies including Hughes, Lockheed, TRW, Dow, Dupont, Merck, Polaroid, Disney, K-Mart and General Motors.

They identified these eight basic practices and attitudes characteristic of these enterprises.

1. A bias for action, for getting on with it. The standard operating procedure is "Do it, fix it, try it." Says a senior executive in Digital, "When we've got a big problem here, we grab ten senior guys and stick them in a room for a week. They come up with an answer and implement it." Moreover, the companies are experimenters supreme. The book brings out a large and striking array of practical devices the excellent companies employ, to maintain corporate fleetness of foot and counter the stultification that almost inevitably comes with size.

2. Close to the customer. These companies learn from the people they serve. They provide unparalleled quality, service, and reliability-- things that work and last. Everyone gets into the act. Many of the innovative companies got their best product ideas from customers. That comes from listening, intently and regularly.

3. Autonomy and entrepreneurship. The innovative companies foster many leaders and many innovators throughout the organization. 3M has been described as "so intent on innovation that its essential atmosphere seems not like that of a large corporation but rather a loose network of laboratories and cubbyholes populated by feverish inventors and dauntless entrepreneurs who let their imaginations fly in all directions." They don't try to hold everyone on so short a rein that he can't be creative. They encourage practical risk taking, and support good tries. They follow a ninth commandment: "Make sure you generate a reasonable number of mistakes."

4. Productivity through people. The excellent companies treat the rank and file as the root source of quality and productivity gain. They do not foster we/they labor attitudes or regard capital investment as the fundamental source of efficiency improvement. At Texas Instruments, every worker is "seen as a source of ideas, not just acting as a pair of hands"; each of more than 9,000 People Involvement Program teams has contributed to the company's sparkling productivity record.

5. Hands-on, value driven. Thomas Watson, Jr., said that "the basic philosophy of an organization has far more to do with its achievements than do technological or economic resources, organizational structure, innovation and timing."

6. Stick to the knitting. The odds for excellent performance seem strongly to favor those companies that stay reasonably close to businesses they know.

7. Simple form, lean staff. The underlying structural forms and systems in the excellent companies are elegantly simple. Top-level staffs are lean; it is not uncommon to find a corporate staff of fewer than 100 people running multi-billion-dollar enterprises.

8. Simultaneous loose-tight properties. The excellent companies are both centralized and decentralized. For the most part, they have pushed autonomy down to the shop floor or product development team. On the other hand, they are fanatic centralists around the few core values they hold dear.

These excellent companies live their commitment to people, as they also do their preference for action--any action--over countless standing committees and endless 500-page studies, their fetish about quality and service standards that others, using optimization techniques, would consider pipe dreams; and their insistence on regular initiative (practical autonomy) from tens of thousands, not just 200 designated \$75,000-a-year thinkers. Above all, the intensity itself, stemming from strongly held beliefs, marks these companies. They demand quick action, service to customers, practical innovation, and recognition of the fact that you can't get any of these without virtually everyone's commitment. They are very far removed from silent board rooms marked by dim lights, somber presentations, rows of staffers lined up along the walls with calculators glowing, and the endless click of the slide projector as analysis after analysis lit up the screen.

Themes and Attitudes

The specific content of the dominant beliefs of the excellent companies is narrow in scope, including just a few basic values:

1. A belief in being the "best."
2. A belief in the importance of the details of execution, the nuts and bolts of doing the job well.
3. A belief in the importance of people as individuals.
4. A belief in superior quality and service.
5. A belief that most members of the organization should be innovators, and its corollary, the willingness to support failure.
6. A belief in the importance of informality to enhance communication.
7. Explicit belief in and recognition of the importance of economic growth and profits.

At Dana Corporation, 22 inches of policy manuals were destroyed and replaced by a simple one-page statement of philosophy. It reads in the main:

-- Nothing more effectively involves people, sustains credibility or generates enthusiasm than face to face communication. It is critical to provide and discuss all organization performance figures with all of our people.

-- We have an obligation to provide training and the opportunity for development to our productive people who want to improve their skills, expand their career opportunities or simply further their general education.

-- It is essential to provide job security for our people.

-- Create incentive programs that rely on ideas and suggestions, as well as on hard work, to establish a reward pool.

Corporate staff was reduced from 500 to 100 and the number of layers in the organization from eleven to five. Ads were run in the house organ like "Talk Back to the Boss," another: "Ask Dumb Questions."

Intelligence purpose is recognized as the essential task of management and leadership. The statement of basic purpose reflected in re-emphasized tasking and all communications is the primary vehicle for achieving this. The excellent companies tap the inherent worth of the task as a source of intrinsic motivation for their employees. Teams and divisions set their own goals. Virtually all of the excellent companies are driven by just a few key values, and then give lots of space to employees to take initiatives in support of those values--finding their own paths, and so making the task and its outcome their own.

Try anything that has promise and half a chance. Advancement takes place only when we do something: test market, stick a jury-rig device on an operating production line, test a new sales promotion on 50,000 subscribers. A scientific paper or a staff report can have impeccable logic and present an immaculate appearance yet reproduce little or nothing of the intuitive leaps, false starts, mistakes, loose ends, and happy accidents that can produce action and get a result.

SECRET

SECRET